

Message Text

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PAGE 01 STATE 200911
ORIGIN OPIC-06

INFO OCT-01 ARA-10 ISO-00 EB-08 SPTA-02 L-03 XMB-02
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/049 R

DRAFTED BY OPIC/GC;
APPROVED BY ARA/PAN:RWYROUGH
OPIC/AP;R POATS (IN DRAFT)
EB/IFD/OIA;D GRANT
OPIC/GC;C HUNT
S/PTA - D. POPPER
ARA/PAN - R. CAMAUR
L/ARA - T. FORTUNE
-----013296 091438Z /53
P 091430Z AUG 78
FM SECSTATE WASHDC
TO AMEMBASSY PANAMA PRIORITY

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E.O. 11652: N/A

TAGS:EINV

SUBJECT:ECONOMIC/MILITARY COOPERATION PROGRAM

REF: (A) PANAMA 05420; (B) STATE 169103

1. IN ORDER TO RESOLVE OPIC-COFINA MATTER DELAYING NOTE EX-
CHANGE, DEPARTMENT AND OPIC SUGGEST THAT EMBASSY DISCUS-
SIONS WITH DR. LOPEZ GUEVARA ON GUARANTEE LANGUAGE BE
DISCONTINUED AND THAT MINISTER BARLETTA BE ASKED TO RESOLVE
PROBLEM IN ACCORDANCE WITH EARLIER UNDERSTANDINGS. ACCORD-
INGLY, EMBASSY IS REQUESTED TO DELIVER THE FOLLOWING LETTER
FROM RUTHERFORD M. POATS, ACTING PRESIDENT OF OPIC, TO
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MINISTER BARLETTA. TEXT FOLLOWS:

QUOTE: DEAR MR. MINISTER:

SINCE LAST FALL, DISCUSSIONS HAVE BEEN HELD BETWEEN US AND
BETWEEN OFFICERS OF THE OVERSEAS PRIVATE INVESTMENT CORPORA-
TION ("OPIC") AND CORPORACION FINANCIERA NACIONAL

("COFINA"). THESE MEETINGS HAVE INCLUDED DISCUSSIONS OF THE BASIC FRAMEWORK, INCLUDING APPROPRIATE DOCUMENTATION, OF THE GUARANTY BY OPIC OF AN AMOUNT UP TO USD 20,000,000 OF BORROWINGS BY COFINA FROM US LENDERS.

OPIC STATED AT AN EARLY STAGE THAT IT WOULD REQUIRE A

GUARANTY OF COFINA'S OBLIGATIONS BY THE GOVERNMENT OF PANAMA, FOR WHICH THERE ARE RELEVANT PRECEDENTS. A LETTER FROM DR. TEJEIRA, GENERAL MANAGER OF COFINA, ADVISED THAT WHILE THE LEGISLATION ESTABLISHING COFINA PROVIDES THAT ALL OBLIGATIONS ASSUMED BY COFINA HAVE THE FULL FAITH AND CREDIT OF THE REPUBLIC OF PANAMA, COFINA QUOTE COULD ALSO OBTAIN A SPECIAL GOVERNMENTAL GUARANTY FOR THIS MATTER UNQUOTE. COFINA REPRESENTATIVES DID NOT OBJECT TO THE CONCEPT OF THE PROPOSED GUARANTY AGREEMENT WITH THE GOVERNMENT OF PANAMA WHEN THEY REVIEWED THE OPIC DRAFT IN MAY.

SUBSEQUENTLY, DR. LOPEZ GUEVARA, CONSULTANT TO THE FOREIGN MINISTRY, OBJECTED TO INCLUDING ANY REFERENCE TO THE GUARANTY AGREEMENT OF THE GOVERNMENT OF PANAMA IN THE EXCHANGE OF NOTES REGARDING ECONOMIC AND MILITARY COOPERATION, SUGGESTING THAT THE STATUTORY PROVISION FOR GOVERNMENTAL BACKING OF COFINA OBLIGATIONS SHOULD SUFFICE. REGRETTABLY, THIS CHANGE HAS DELAYED CONCLUSION OF THE NOTE EXCHANGE.

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I WOULD APPRECIATE YOUR LOOKING INTO THIS AND LETTING ME KNOW HOW THE PROBLEM CAN BE RESOLVED CONSISTENT WITH EARLIER UNDERSTANDINGS. IF OMISSION OF REFERENCE IN THE NOTE EXCHANGE TO THE GOVERNMENT OF PANAMA AS GUARANTOR DOES NOT ALTER OUR PRIOR UNDERSTANDING THAT THERE WILL BE A GOVERNMENTAL GUARANTY AGREEMENT, PERHAPS THAT IS THE EXPEDIENT WAY TO PROCEED. SINCERELY, RUTHERFORD M. POATS, ACTING PRESIDENT. UNQUOTE. DECONTROL FOLLOWING

8/4/79. NEWSOM

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